

# City of Detroit


## CITY COUNCIL

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ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: April 7, 2010

RE: Update on Fiscal Analysis Division Prototype General Fund Appropriation Status Report - Response from Administration

At the March 31, 2010 Budget, Finance and Audit Standing Committee the Fiscal Analysis Division provided to your Honorable Body an update to the first "Prototype General Fund Appropriation Status Report" The first report was based on data as of December 31, 2009, with the update using data as of March 31, 2010. In the updated report and during the discussion it was noted that the first report was still under review by the administration, and I was awaiting suggestions to improve the report from Mr. Thomas Lijana, Finance Director.

Late in the day on Wednesday, March 31, 2010 after the meeting I did receive a response to the first report from Mr. Thomas Lijana, Finance Director. I want to express my appreciation to Mr. Lijana for his response and this indication of his willingness to work together. As Council Members were not copied on the response from Mr. Lijana, I have attached a copy of his response to this communication for Council's information.

My original report indicated that there were twenty-three appropriations with deficits as of Dec. 31, 2009, that required attention. The letter and spreadsheet from Mr. Lijana agrees with this number. Mr. Lijana indicates that as of March 24, 2010, eighteen of these appropriations remain in deficit status. I believe that 20 of the 23 remain in deficit status, and I am working with staff to understand the two appropriations in the Police Department, number 00116 Eastern Operations Bureau, and 00117 Western Operations Bureau where we seem to have a difference of opinion.

In fifteen of the twenty-three appropriations the Administration is indicating a "Journal entry needed: Funding budgeted and available in ...". In non-technical terms this means that for some reason not provided, costs are being charged to the incorrect appropriation. These costs will be moved by way of a journal entry to place the costs in the proper appropriations. While this reasoning may be acceptable, it raises the following new questions. Why has this improper charging of costs continued for six-months and now actually nine months during the fiscal year,

before corrections were considered? How was this allowed to continue in fifteen different appropriations? Had Council not raised the question, when would the Administration have taken the necessary corrective action? What will be the Administration's policy be going forward on the proper charging of costs when they are first incurred? What will the policy of monitoring appropriations be, and the timing of corrective actions? Will the results of the monitoring process be shared with the Honorable City Council on a monthly basis?

For the three other appropriations, by the Administration's count, the explanations include, "Revenue offset pending", "Pass-through account", and "Error: correction pending". Each of these short explanations could be expanded to provide a more complete understanding for Council. I believe this is important as I believe Council's intent is to use the report as a regular monitoring tool. The better the explanation and understanding, the smoother future review of reports will be.

Also for Council's note, while the Administration is responding to the first report with data as of Dec. 31, 2009 and the twenty-three appropriations, the data as of March 31, 2010, indicated five new appropriations that have moved to a deficit status. On an on going basis these new appropriation deficits will need to addressed by the Administration.

Overall I believe the purpose of the report is beginning to have a positive effect, as the Administration is beginning to look at the appropriation deficits and with Council's attentiveness corrections may be made in a more timely fashion. Hopefully in the future, corrections will even be made prior to the appropriations entering a deficit status. Another major step will be addressing appropriation adjustments for changes in revenue collections that deviate from the budget. Not reacting to swings in revenue collections with appropriation adjustments represents another area that can contribute to the city operating in an overall deficit rather than balancing the budget for the fiscal year.

#### Attachment

cc: Council Divisions

Auditor General's Office

Norman White, Chief Financial Officer

Tom Lijana, Group Executive-Finance

Floyd Stanley, Deputy Finance Director

Pamela Scales, Budget Director

Kamau Marable, Mayor's Office

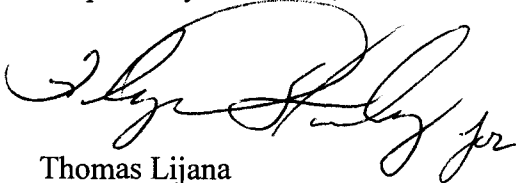
March 29, 2010

Mr. Irvin Corley, Jr., Director  
Fiscal Analysis Division  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
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**RE: Response to Fiscal Analysis Division's General Fund Appropriation Status  
Report as of December 31, 2009**

The Fiscal Analysis Division's General Fund Appropriation Status Report dated January 22, 2010, indicated that as of December 31, 2009, there were 23 appropriations in deficit status that needed immediate attention. As of March 24, 2010, 18 of these appropriations are still in deficit status. A plan is in place to eliminate those deficits within the next 30 days. The attached spreadsheet provides the funds available as of March 24, 2010, along with an explanation of the corrective actions that will eliminate the deficits.

Respectfully submitted,



Thomas Lijana  
Finance Director

cc: Norman White, Chief Financial Officer  
Pamela Scales, Budget Director

Attachment

Agency	Appro No		Budget	Encumbrance	Actual	Funds Available as of 12/31/2009	Funds Available as of 3/24/2010	Corrective Action
	11150 Total	Property Management	255,673.89	36,203.25	231,694.47	(12,223.83)	328,144.92	N/A
<b>14 Total</b>	<b>Civic Center Department</b>							
	00037 Total	Street Cleaning	54,556.36	54,556.36	87,083.06	(87,083.06)	(87,083.06)	Journal entry needed; Funding budgeted and available in GSD or DPW
	00038 Total	Vacant Lot Clean-Up	75,638.26	75,638.26	467.12	(467.12)	(467.12)	
	00044 Total	Transportation Sign Shop	0.00	0.00	5,011.25	(5,011.25)	(5,011.25)	
	00049 Total	Reimbursed - Street Maintenance	383,509.64	383,509.64	3,467.35	(3,467.35)	(3,467.35)	
	00051 Total	Vehicle Management	11,456.90	11,456.90	408.65	(408.65)	(408.65)	
<b>19 Total</b>	<b>Department of Public Works</b>							
	00107 Total	Supportive Services	2,162.27	2,162.27	39,296.03	(39,296.03)	165,542.53	N/A
	10549 Total	Apprentice Training Program	91,094.00	0.00	1,516,863.02	(1,425,769.02)	(1,934,303.49)	Revenue offset pending
<b>28 Total</b>	<b>Human Resources Department</b>							
	12222 Total	Consumer Advocacy	0.00	0.00	90,183.55	(90,183.55)	(90,183.55)	Journal entry needed; Funding budgeted and available in Human Services Apprn. 13052
	12223 Total	Senior Advocacy	3,743.76	3,721.58	170,010.11	(169,987.93)	(169,987.93)	Journal entry needed; Funding budgeted and available in Human Services Apprn. 13053
<b>33 Total</b>	<b>Mayor's Office</b>							
	00870 Total	Centralized Utility Payments	11,000.00	0.00	67,377.44	(56,377.44)	(56,377.44)	Pass-through account
<b>35 Total</b>	<b>Non-Departmental</b>							
	00115 Total	Human Resources Bureau	6,293,385.22	(145,780.80)	7,420,885.74	(981,719.72)	2,116,060.47	N/A
	00116 Total	Eastern Operations Bureau	11,031.06	11,031.06	1,160,490.80	(1,160,490.80)	0.00	
	00117 Total	Western Operations Bureau	5,693.65	5,693.65	908,135.30	(908,135.30)	0.00	
	11040 Total	ADMINISTRATIVE PORTFOLIO	6,478.53	4,512.03	114,704.78	(112,738.28)	(112,738.28)	Journal entry needed; Funding budgeted and available in Police Apprn 00112
	11376 Total	Investigations Portfolio	10,640.72	9,320.72	9,995,926.73	(9,994,606.73)	(9,994,606.73)	Journal entry needed; Funding budgeted and available in Police Apprn 00118
	11377 Total	Civil Rights Integrity Bureau	110.88	110.88	64,736.76	(64,736.76)	(64,736.76)	Journal entry needed; Funding budgeted and available in Police Apprn 11042
<b>37 Total</b>	<b>Police Department</b>							
	10542 Total	Development and Support	11,173.69	11,173.69	195,145.48	(195,145.48)	(195,145.48)	Journal entry needed; Funding budgeted and available in Recreation Apprn. 11663
	10547 Total	East District Operations	17,218.98	17,218.98	415.53	(415.53)	(415.53)	
	10548 Total	Belle Isle District	22,582.06	22,582.06	0.01	(0.01)	(0.01)	
	10600 Total	Recreation Business Operations	(34,101.61)	(34,101.61)	51,580.25	(51,580.25)	(51,580.25)	
	11664 Total	Programming	0.00	0.00	24,078.86	(24,078.86)	(24,078.86)	
<b>39 Total</b>	<b>Recreation Department</b>							
	00172 Total	Main Zoo Operations	(47,364.32)	(47,364.32)	488.26	(488.26)	(488.26)	Error; correction pending
<b>44 Total</b>	<b>Zoological Institute</b>							